











# Monthly Economic Report

## June 2014

### United States Economic Indicators

	<u>Jun-13</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	
<b>Unemployment Rate</b> Number of individuals unemployed divided by the labor force. <sup>1</sup>	7.5%	6.3%	6.3%	n.a.	
<b>Monthly Net Job Gains (000s)</b> Average net increase in payroll employment based on latest three months of data. <sup>2</sup>	201.0	235.7	234.0	n.a.	
<b>Advance Retail Sales</b> Year-over-year growth rate of retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. <sup>3</sup>	4.6%	3.4%	4.2%	n.a.	
<b>Residential Home Sales</b> Year-over-year growth rate in the number of residential homes sold based on latest three months of data. <sup>4</sup>	13.1%	-7.0%	-6.4%	n.a.	
<b>Consumer Sentiment Index</b> A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. <sup>5</sup>	84.1	84.1	81.9	82.5	
<b>Purchasing Managers Index (PMI)</b> A diffusion index that reflects the relative health of the manufacturing sector. An index greater than 50 indicates that the sector is expanding. <sup>6</sup>	50.9	54.9	55.4	n.a.	
<b>Average Gas Price</b> National average price for one gallon of unleaded gasoline. <sup>7</sup>	3.63	3.66	3.67	3.69	
<b>S&amp;P 500 Index</b> An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. <sup>8</sup>	1,606	1,884	1,924	1,961	
<b>Consumer Price Index (CPI - U)</b> Year-over-year change in average price level. Includes outlays for energy. <sup>9</sup>	1.7%	2.0%	2.1%	n.a.	
<b>10-Year Treasury</b> Yield on 10-year U.S. Treasury note. <sup>8</sup>	2.52%	2.67%	2.44%	2.53%	

#### Sources:










- 1/ U.S. Department of Labor - Survey of Households.
- 2/ U.S. Department of Labor - Survey of Establishments.
- 3/ U.S. Department of Commerce.
- 4/ National Association of Realtors.
- 5/ University of Michigan - Survey of Consumers.

- 6/ Institute of Supply Management.
- 7/ Energy Information Administration.
- 8/ Market data compiled by the Wall Street Journal.
- 9/ U.S. Department of Labor - Bureau of Labor Statistics.

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## June 2014

### Pennsylvania Economic Indicators

	<u>Jun-13</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	
<b>Unemployment Rate</b> Number of individuals unemployed divided by the labor force. <sup>1</sup>	7.5%	5.7%	5.6%	n.a.	
<b>Annual Net Job Gains (000s)</b> Average year-over-year net increase in payroll employment based on latest three months of data. <sup>2</sup>	5.4	26.0	38.1	n.a.	
<b>Sales-Use Taxes</b> Year-over-year growth rate of all sales and use taxes based on latest three months of collections. <sup>3</sup>	1.5%	1.9%	3.2%	4.3%	
<b>Realty Transfer Taxes</b> Year-over-year growth rate of realty transfer taxes based on latest three months of collections. Monthly residential sales data are not available at the state level. <sup>3</sup>	14.1%	8.2%	6.9%	4.9%	
<b>Housing Starts (Building Permits)</b> Year-over-year growth rate (single units only) of privately owned homes upon which construction was initiated during the latest three-month period. <sup>4</sup>	18.3%	-17.0%	-9.1%	n.a.	
<b>Current Business Activity Index</b> A diffusion index that measures the current outlook of manufacturing firms in the third federal reserve district (PA, NJ, DE). A negative number indicates increasing pessimism. <sup>5</sup>	14.4	16.6	15.4	17.8	
<b>Average Gas Price</b> Central Atlantic (PA, NY, NJ) average price for one gallon of unleaded gasoline. <sup>6</sup>	3.54	3.66	3.72	3.74	
<b>Commercial Traffic on PA Turnpike</b> Year-over-year growth rate of the volume of commercial truck traffic on the PA turnpike. Based on latest three months of data. <sup>7</sup>	3.4%	3.0%	2.8%	n.a.	
<b>Consumer Price Index (PA-NJ-DE-MD)</b> Year-over-year change in average price level. Includes outlays for energy. Data are published on a bi-monthly basis. <sup>8</sup>	1.5%	1.4%	1.4%	n.a.	

#### Sources:






- 1/ U.S. Department of Labor - Survey of Households.
- 2/ U.S. Department of Labor - Survey of Establishments.
- 3/ PA Department of Revenue. Excludes transfers to or from the Enhanced Revenue Collection Account.
- 4/ U.S. Census Bureau- Building Permits.

- 5/ Federal Reserve Bank of Philadelphia.
- 6/ U.S. Energy Information Administration.
- 7/ Pennsylvania Turnpike Commission Reports.
- 8/ U.S. Department of Labor - Bureau of Labor Statistics.  
For non-release months, values held constant.




# Monthly Economic Report

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### Quarterly United States Economic Indicators

	<u>2013.2</u>	<u>2013.3</u>	<u>2013.4</u>	<u>2014.1</u>	
<b>Real Gross Domestic Product (GDP)</b> The quarterly annualized growth rate of the U.S. economy. Excludes inflation. <sup>1</sup>	2.5%	4.1%	2.6%	-2.9%	
<b>Personal Income</b> The year-over-year growth rate of U.S. personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. <sup>1</sup>	3.2%	3.8%	1.6%	3.5%	
<b>Corporate Profits</b> The year-over-year growth rate of domestic and foreign profits of U.S. corporations. <sup>1</sup>	4.5%	5.7%	6.2%	-2.2%	
<b>FHFA House Price Index</b> An index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Rate is the year-over-year change in the index. <sup>2</sup>	7.5%	8.3%	7.6%	6.6%	
<b>U.S. Delinquent Debt</b> Share of consumer debt more than 90 days delinquent. <sup>3</sup>	5.7%	5.3%	5.0%	4.8%	

### Quarterly Pennsylvania Economic Indicators

	<u>2013.2</u>	<u>2013.3</u>	<u>2013.4</u>	<u>2014.1</u>	
<b>Personal Income</b> The year-over-year growth rate of PA personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. <sup>1</sup>	2.7%	2.4%	1.0%	3.1%	
<b>FHFA House Price Index</b> An index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Rate is the year-over-year change in the index. <sup>2</sup>	4.0%	4.8%	3.2%	2.6%	
<b>PA Delinquent Debt</b> Share of consumer debt more than 90 days delinquent. <sup>3</sup>	5.5%	5.6%	5.5%	5.2%	

Sources: 1/ U.S. Bureau of Economic Analysis. 2/ Federal Housing Finance Agency. 3/ Federal Reserve Bank of New York.

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### Snapshot: Pennsylvania GSP in 2013

Real gross state product (GSP) for Pennsylvania grew by 0.7 percent from \$599.5 billion in 2012 to \$603.9 billion in 2013, according to revised estimates from the U.S. Bureau of Economic Analysis (BEA). This is less than the 1.8 percent growth for U.S. real gross domestic product (GDP), but similar to the growth in neighboring states which also have an older demographic profile like Pennsylvania (see table below). Overall, the Mideast region (includes DE, MD, NJ, NY and PA) grew by 0.7 percent, the lowest of any region in the U.S.

Large sectors that reported gains in Pennsylvania in 2013 include health care and social assistance (+1.8% growth, 9.6% of GSP), professional, scientific and technical services (+1.5% growth, 7.3% of GSP) and finance and insurance (+2.7% growth, 6.3% of GSP). Large sectors that declined in 2013 include real estate and leasing (-0.1% decline, 12.7% of GSP) and nondurable goods manufacturing (-1.1% decline, 5.5% of GSP). Although it comprises a smaller share of GSP (2.1%), the mining sector (includes oil and gas

extraction) grew by 7.2 percent, contributing 0.15 percentage points to total Pennsylvania GSP growth of 0.7 percent.

Significant sectors of the Pennsylvania economy that remained relatively flat in 2013 include durable goods manufacturing (0.1% growth, 6.6% of GSP), wholesale and retail trade (0.3% growth, 11.2% of GSP), information (0.3% growth, 5.8% of GSP) and government (0.1% growth, 10.5% of GSP).

BEA recently revised its methodology for estimating state GSP. The latest revision reflects comprehensive changes to state GSP for 1997-2012 and includes various technical changes such as the recognition of research and development (R&D) as capital expenditures and new source data. Overall, BEA revisions reduced GSP growth for Pennsylvania by 0.5 percentage points in both 2011 and 2012. The Independent Fiscal Office is conducting further research into Pennsylvania GSP and plans to publish findings in a new Research Brief series this year.

### Comparison of Real GSP Growth across States

State <sup>2</sup>	Real GSP Growth			Contribution to 2013 Growth Rate <sup>1</sup>					
	2011	2012	2013	Manu -facturing <sup>3</sup>	Wholesale & Retail	Healthcare & Social	Real Estate	Mining	Other
PA	1.4%	1.2%	0.7%	-0.05	0.03	0.18	-0.01	0.15	0.40
NY	1.2	1.7	0.7	-0.03	0.12	0.21	0.07	0.00	0.33
MD	1.7	1.2	0.0	-0.09	-0.01	0.18	0.00	-0.02	-0.06
OH	2.6	3.1	1.8	0.57	0.14	0.24	0.28	-0.05	0.62
NJ	-0.5	2.6	1.1	0.02	0.19	0.14	0.10	0.01	0.64
U.S. <sup>4</sup>	1.6	2.5	1.8	0.40	0.21	0.17	0.21	0.05	0.76

Source: U.S. Bureau of Economic Analysis.

<sup>1</sup> Percentage points.

<sup>2</sup> DE and WV are excluded as their economies are much smaller (9.6% and 11.3% of PA GSP, respectively).

<sup>3</sup> Manufacturing includes durable and nondurable goods.

<sup>4</sup> U.S. output is measured as GDP.

Note: Real GSP and GDP are in 2009 dollars.